

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

December 8, 2021

Global Markets

Eurozone Q3 GDP growth was left unrevised at 2.2%QoQ supported by private consumption, while in Germany, the December ZEW survey revealed a drop in both the expectations and current situation indices, to 29.9pts and -7.4pts, respectively, with the latter marking the first negative balance since June amid a resurgence in Covid-19 cases. Turning to markets, risk-on sentiment prevailed earlier today on optimism that the Omicron variant will likely not be as bad as initially feared. USTs remained under pressure, with short-dated notes underperforming on expectations for an acceleration in the Fed's monetary-policy normalization process. In FX, the EUR-USD continued to trade slightly below 1.1300, after a drop to 1.1226 y-day on the disappointing ZEW survey and expectations for a further acceleration in US CPI inflation on Friday.

Greece

According to the Ministry of Finance, the agreement reached by the ECOFIN in Brussels to update the current rules governing the VAT rates of goods and services, will allow Greece to apply reduced rates, by way of derogation and on the basis of social needs and budgetary constraints. Sectors of the Greek economy where such reduced rates could be applied are green and digital transition, agriculture, real estate, as well as regions with geographic particularities, such as the Aegean islands. In other news, according to a survey conducted by Censuswide for INSETE, Greece is in the top-10 of European tourism destinations in the markets under consideration. Greece's best position is 2nd in the Italian market, while it is 3rd in the markets of the United Kingdom, Germany and France and 5th in Austria.

CESEE

According to the Q3-2021 GDP growth print released yesterday, GDP in Bulgaria grew by 3.9% YoY, decelerating from 6.5% YoY in the previous quarter. The current reading sets the 9M2021 economic growth rate at 3.5%, with the government having revised its GDP forecast upwards for 2021 to 4.0% in its autumn economic forecast, from 2.7% previously. In order for the official forecast to be attained, the Q4-2021 GDP growth rate should come somewhere above 5%, with many challenges lying ahead, stemming primarily from the course of the pandemic. Elsewhere in the region, today, the Central Bank of Poland convenes with the market consensus expecting a 50bps hike of the Key Policy Rate to 1.75%, given the soaring inflation prints above 5% YoY that lie in more than fifteen year highs consecutively since July.

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